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CDFC

*Massachusetts Community Development
Finance Corporation*

Annual Report 1990

The Massachusetts Community Development Finance Corporation is a financially diverse, fiscally sound, quasi-public investment corporation. CDFC has Community Development Corporations as its primary network and the development and retention of jobs and affordable housing, as well as commercial development in blighted areas, as its primary goals.

Cover Photo: Webster Engineering Co., Inc. at the construction site of Hazel Park Estates

Webster Engineering Co., Inc., a family-run Dorchester firm, has been in business for 14 years. The unionized firm of 35 employees performs site excavation, installs utilities for water, sewer and drainage, and performs general contracting. CDFC provided a \$150,000 loan and a \$50,000 loan guarantee on a \$100,000 loan from the Boston Bank of Commerce to this successful minority owned firm for working capital. The Dorchester Bay EDC sponsored the loan request.

Hazel Parks Estates in Dorchester will provide 48 units of affordable homeownership for working families with an income below \$36,000. CDFC's \$150,000 construction loan for the development was sponsored by the Codman Square HDC. The loan provided a critical piece of financing, leveraging an additional \$9,185,830 from public and private lenders, including the Massachusetts Housing Finance Agency's Homeownership Opportunity Program (HOP).



*Milton J. Benjamin, Jr., President, and
John E. Marston, Chairman*

Management Letter

1990 was a tough year for lenders.

Banks and venture capital firms, as well as socially conscious investment organizations like CDFC, faced a sudden downturn in the economy, leaving them with troubled investment portfolios. CDFC's portfolio is comparatively strong in this difficult economic climate, although by mandate, the organization works with higher risk investments. Nevertheless, like other lenders, the agency's investment staff were involved in workouts and loan restructuring. A number of portfolio companies had a difficult year, including a prefabricated housing

manufacturer which succumbed to the declining real estate market. The Savings and Loan crisis and commercial banks' problems with troubled real estate loans have reverberated throughout the economy, impacting hundreds of banks. The credit crunch has reduced access to funds for community economic development, making CDFC a more significant source of capital for its borrowers.

This situation impelled CDFC to refine its mission and more sharply focus its lending, so its investments in small businesses and non-profit real estate developers would have the greatest impact on the organization's target low income communities.

CDFC's History

CDFC's goal is to combine the financial objectives of a bank or venture capital firm with public policy goals, the dynamic which has driven the agency for 15 years.

In 1975, the Massachusetts legislature created and capitalized Community Development Finance

Corporation (CDFC) and established its mission – to increase jobs and affordable housing and upgrade the business districts in low income neighborhoods. CDFC's responsiveness to community goals was enhanced by a joint venture relationship with a statewide network of local Community Development Corporations (CDCs). Input from a Board of Directors representing business, government, organized labor and CDCs sharpened that vision. CDFC's track record as a lender has since earned the respect of commercial and savings banks throughout the state.

The agency has invested almost \$25,000,000 since its inception and has developed a portfolio of small business and real estate projects in communities from Boston to Lowell to Worcester to North Adams. Through loans to CDCs, acting as non-profit housing developers, the agency has supported the development of over 2600 affordable housing units. Both debt and equity investments in nearly 100 small businesses have helped to retain or add over 2700 jobs to the Massachusetts economy.

Diversifying our Capital Base

CDFC has received \$15 million from the Commonwealth since 1975. Current investment commitments total \$13,259,957 in communities throughout the state. In addition, CDFC is managing \$9.4 million on behalf of other public and private lenders.

As a quasi-public agency, CDFC does not receive an annual state appropriation. Like a small business, the organization receives an income from its investments which is channeled into administrative costs and new projects. At this point in its history, CDFC is focusing on increasing its lending capital by accessing sources of funds outside of state government. The agency also seeks out joint venture partners in the private and public sector for co-investment in worthwhile projects. Every dollar invested by CDFC leverages substantial funds from public or private lenders.

CDFC currently accesses funds from the Thrift Institutions Fund for Economic Development (Thrift Fund), a lending pool capitalized by the state's thrift institutions. The Thrift Fund invested \$450,000 in Transportation Management, Inc. of Orange, MA through CDFC this year, maintaining 30 jobs.

The National Cooperative Bank of Washington, D.C. (NCB), another lending partner, has purchased a number of CDFC loans, freeing almost \$500,000 for new investment. NCB also co-invests in projects underwritten by CDFC, expanding a loan or stock purchase in a company.

In early 1991, CDFC will manage a Minority Enterprise Small Business Investment Corporation (MESBIC) to be capitalized with \$2 million and later increased to \$5 million by members of the Massachusetts Bankers Association (MBA). Ultimately, this can leverage an additional \$20 million from the U.S. Small Business Administration which provides the operating license. A MESBIC primarily provides equity capital and long term loans for established businesses with a solid track record.

New Investment Products and Programs

Since its inception, CDFC has made debt or equity investments through its Venture Capital Program, Real Estate Program and Small Loan Guarantee Program.

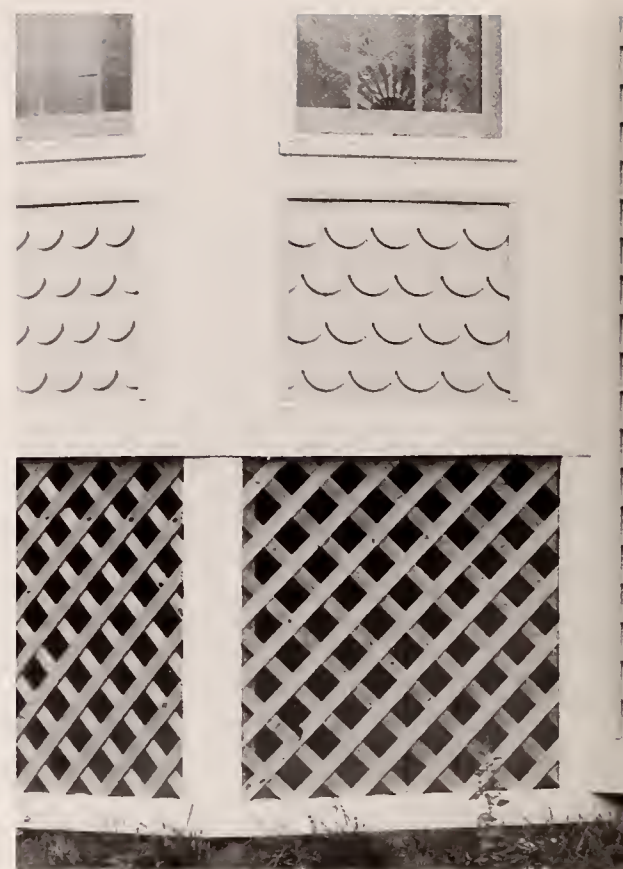
CDFC's newest innovation to support small business is its Minority and Women's Contractor Bond Program which helps strengthen the fiscal and operational capabilities of contractors to enable them to obtain surety bonding.

CDFC is currently examining the needs of the affordable housing market in light of the changing economy. For example, the agency is exploring the use of secondary markets for longer term real estate lending. Staff are also reviewing programs to help finance expiring use and foreclosed properties.

Massachusetts banks have developed a \$400 million Community Investment Program in response to the 1987 Community Reinvestment Act (CRA). The program includes bringing ATMs, bank branches and other services into low income neighborhoods as well as providing investment funds for housing production, mortgage assistance and business loans. CDFC, which has participated in the MBA's Economic Development Task Force, has played an important role in crafting business investment programs for disadvantaged communities.

CDFC is building on its 15 year history of credit management while generating additional income. The agency has contracted with the Executive Office of Communities and Development to manage collections for its Economic Development Set-Aside Program.

CDFC's technical assistance to businesses and CDCs has been expanded to issue-oriented workshops. A conference on Employee



Stock Ownership Programs helped small businesses evaluate the benefit of an ESOP. A workshop for CDCs focused on small business development.

CDFC seeks to build public/private partnerships which support development while yielding a profitable investment. A good example is CDFC's 1986 debt and equity investment in Lowell's Connolly Data Systems, a computer support firm. CDFC's \$300,000 loan and \$50,000 in equity (representing 22% of the firm's common stock) initially increased jobs as the company grew from 10 to 26 employees. Connolly was recently bought out by a multi-national firm, providing a \$340,000 capital gain for CDFC, including a gain of \$34,000 for the local CDC. The new firm also repaid the remaining debt to CDFC and its 50% joint venture partner, the National Cooperative Bank, while committing to retain the present owner and employees at the current site.



Dorchester Bay Buildable Lots Project (Photo)

The City of Boston's "747-Buildable Lots Program" made land available on 747 small, scattered sites for affordable housing. CDFC's \$74,560 loan to the Dorchester Bay EDC has assisted in its construction of six homes priced from \$73-93,000, expanding the affordable homeownership market. CDFC's loan leveraged an additional \$600,000 from other public and private sources, including the Bank of Boston, the primary construction lender.

Opportunities in the 90s

This is a period of change – in government, the lending environment and the business world.

Development organizations must focus on new opportunities to serve their constituencies. Many positive signs on the horizon forecast long range economic growth, if we are poised to take advantage of them.

♦ New entrepreneurs and small startup firms, particularly in the area of emerging technologies, may grow into companies which will create thousands of jobs. Toward this goal, CDFC will continue to invest in growing manufacturers like Lowell's GVS Industries, a maker of airplane hinges.

♦ The real estate boom of the 1980s has left us with thousands of foreclosed properties, unsold condominiums as well as empty commercial and industrial space. CDFC will work with local community development groups to bring unsold

inventory into the affordable housing market for moderate and middle income families. In addition, there is the opportunity to create affordable rental space for small businesses.

♦ Numerous public works projects throughout the state, including the Central Artery/Third Harbor Tunnel, can help revitalize the economy. CDFC will continue to help small businesses build their capacity to contract with these projects and create jobs.

Many resources are needed to help our state achieve its development goals for the 90s – providing creative financing to meet gaps in capital markets and target investment, maintaining affordable housing to retain and attract workers, and modernizing and updating the state's infrastructure, to name a few.

CDFC's mission in the 90s is the blending of economic and social criteria, the cornerstone of building a stable and prosperous economy. CDFC looks forward to continuing its specialized financing role – as a leading investment organization for lower income neighborhoods, to help bring them into the mainstream economy and build stronger communities.

Sincerely,

Milton J. Benjamin Jr.

Milton J. Benjamin, Jr.
President

John E. Marston

John E. Marston
Chairman

Financing Small Business

Since the mid-1970s, CDFC has invested in small businesses throughout the Commonwealth. The agency's role as a lending intermediary is to fill the gap, or missing link, in a complex financing package for a business or real estate project. The organization often subordinates its loans to leverage additional financing from other public and private lenders.

The advantages of a CDFC loan to a business are access to capital unavailable through other sources, flexible terms, and technical assistance from a skilled investment staff throughout the life of the loan. Firms are selected through a review of business plans, company financial statements and community impact.

The Venture Capital Program

These investments focus on job creation and the revitalization of commercial areas. They provide both debt and equity financing to businesses, preferably from \$100,000 to \$250,000, though the agency's access to other sources can increase this amount. CDFC can provide up to one third of the project financing.

◆ This year, CDFC invested \$300,000 in Oomphies, a Lawrence slipper manufacturer. CDFC's lending partner, the National Cooperative Bank of Washington, D.C. provided \$150,000 of this investment. The loan,



sponsored by the Heritage Commonwealth CDC, helped stabilize the firm and retain 28 jobs.

The Small Loan Guarantee Program

Loan guarantees increase the opportunities for expansion for a startup firm or an existing business without a strong credit history. CDFC provides loan guarantees of 50%, or up to \$25,000, of an approved bank loan to a small



GVS Industries (Photo)

CDFC's programs stimulate local entrepreneurship. GVS Industries, Inc., an early stage Lowell manufacturer, is a good example. Gil Valencia, a skilled machinist, began work in a garage, crafting high quality hinges and other parts for airplane doors and wing flaps. His vision of quality and service has helped GVS grow to include two other co-owners and provide employment for eleven workers overall.

GVS now has both government and commercially approved vendor status and has orders scheduled well into the 1990s. The company owns a new industrial condominium in Lowell.

CDFC provided a loan guarantee of \$25,000 to GVS for a \$60,000 loan from the New Heritage Bank of Lawrence for equipment and working capital. The Coalition for A Better Acre CDC sponsored the investment.

business. This provides, in effect, cash collateral for a portion of the loan and is often crucial to a bank's financing a company. The program has enabled a number of businesses to provide jobs, services and products to local communities.

♦ CDFC provided a \$25,000 guarantee on a \$50,000 bank loan from the First Agricultural Bank to Time Out Sports, a startup North Adams sporting goods store. The request, sponsored by the North

Adams CDC, enabled the store to get established in its downtown location.

♦ Marianne Moore: Materials (M3) in Allston, a manufacturer of woolen scarves and gloves, received a \$15,000 guarantee on a \$30,000 loan from U.S. Trust Co. This enabled the company to better service its national chain store clients and expand to six employees. The Allston-Brighton CDC sponsored the loan guarantee.

Financing Real Estate Development



Real estate development and finance are an important part of an economic development strategy. Communities need a thriving commercial district to provide products, services and jobs. Neighborhoods need affordable housing so local firms can retain employees and grow. To support these goals, CDFC has financed commercial and residential space in numerous communities.

Commercial and Industrial Space

Some CDCs have focused on the development of commercial and industrial space for offices, retail and manufacturing firms.

♦ CDFC's investment of \$280,000 in the Lithgow Building, developed by the Codman Square HDC, is part of an \$8.3 million dollar revitalization of a Dorchester neighborhood. The building will provide an anchor for the overall development plan, which includes a



mix of housing, commercial and retail space.

Affordable Rental Housing

CDFC has supported many types of affordable rental housing, providing financing to CDCs for both construction and renovation. CDFC's reduced interest rates on these loans subsidize the low and moderate income units in mixed-income projects.

◆ CDFC's loans totalling \$582,500 to the Fenway CDC aided

the construction of the Kilmarnock St. Apartments which house 22 low income and 33 market rate units.

Investments with funds from CDFC or its lending partners have supported a number of innovative housing developments:

◆ The agency provided \$200,000 for a transitional home for pregnant and parenting teens developed by the CDC of Fitchburg.

◆ CDFC arranged financing totalling \$520,526 for two transitional housing projects for homeless people in Boston through the Thrift Fund.

Affordable Homeownership

CDFC's long history as a construction lender has helped make the dream of homeownership a reality for many families of modest means. Each project responded to local demand and had support from Massachusetts Housing Finance Agency's Homeownership Opportunity Program (HOP) Program. Each project leveraged funds from a local bank as well as critical state agency financing.

◆ CDFC's \$39,000 loan to the Millers River Self Help Network aided the CDC's construction of three "sweat equity" single family homes in Athol.

◆ A \$115,000 loan to Worcester's Oak Hill CDC supported the construction of eight attractive townhouses.

The Pines at O Street (Photo)

CDFC's \$74,000 commitment to the Franklin County CDC aided the CDC's construction of mixed-income housing in Turners Falls. Each of the 10 affordable single family homes will provide 3-4 bedrooms and its own wooded lot. The homes, priced from \$95-110,000, will be available to families with an income below \$39,600. Permanent financing will be provided by the Massachusetts Housing Finance Agency's HOP Program and First-Time Buyer program. These programs require a 5% down payment and an 8.5% interest rate. Vanguard Bank will provide the primary construction financing.

Providing Opportunities for Small Contractors



The construction industry, with its low startup costs and good paying jobs, is an important avenue for economic development. In 1989, CDFC launched a pilot effort to strengthen minority and women construction contractors. The program has successfully completed its first year of operation. Nine firms have attained bonding and more than 20 firms have received technical or financial services. There have been no defaults on any contract bonded through the program.

As Massachusetts launches a number of large public works projects, participating contractors will be better prepared to secure contracts on those projects, providing jobs and economic growth to disadvantaged communities.

Minority and Women's Contractor Bond Program

CDFC's Minority and Women's Contractor Bond Program provides both technical and financial assistance to aid contractors in



qualifying for bonding and establishing a relationship with a standard surety company. These services put a contractor in a stronger competitive position.

The program links surety brokers, CPAs and construction management consultants with contractors, and guides them through the steps of the bonding process. Consultants assist the firms to institute appropriate financial and management systems. As contractors successfully complete projects and

develop a track record, they can then meet the demanding standards of the surety industry which provides the bid, payment and performance bonds necessary to bid on larger projects.

CDFC also provides eligible contractors with pre-approved letters of credit which provide the cash liquidity to help meet the financial ratio requirements of the sureties. By pre-approving companies for financial support, CDFC helps them to establish bonding capacity prior to bidding on contracts.

CDFC's program provides a variety of services to a diverse group of contractors including B. Williams Painting of Hyde Park; Lopez Contracting, a small general contractor in Chelsea; Sac's Construction Co. of Westboro; Strobardt Electric Co. of Roxbury; and Superior Steel of Lynn, which does steel fabrication.

A Self-Supporting Program

CDFC's goal is to make all programs self-supporting. The Bond Program's costs are partially paid by the contractors and, in some cases, a private developer or public awarding authority. For example, the Massachusetts Housing Finance Agency (MHFA) is providing funds to CDFC to support participation in the program by a number of subcontractors on MHFA-financed projects.

W.J. Holloway and Sons (Photo)

One of the most successful firms to be assisted by CDFC's Bond Program is W.J. Holloway and Sons, Inc., a Charlestown drywall contractor. CDFC helped Holloway obtain a \$25,000 letter of credit which enabled the firm to secure payment and performance bonds on a \$268,000 contract. Holloway was the first contractor to use a CDFC supported letter of credit. Though the company had successfully completed contracts of this size in the past, the letter of credit was required as surety requirements were becoming more rigorous.

CDFC's consultants also worked with Holloway to develop more efficient internal accounting and provided an assessment of its operational and management systems. This has led to a working relationship with a qualified CPA.

At this time, the company has a number of contracts on line, and employs 20 skilled workers from the Boston area. Urban Edge, a Jamaica Plain CDC, sponsored this contractor.

In the photo, Holloway employees frame out a ceiling at MCI Framingham, a state women's prison.

Supporting Community Development Corporations

Community Development Corporations strive to reverse economic decline in their local communities and to move families from dependence on social services toward the independence of jobs and control over their economic future. CDCs are private, non-profit, community-based development organizations. A network of more than 40 CDCs cover the state from North Adams to Fitchburg to Dorchester.

The Massachusetts Executive Office of Communities and Development (EOCD) as well as private organizations provide annual operating grants. Many CDCs have for-profit subsidiaries to pursue development activities and help generate income for overhead expenses.

Partners in the Investment Process

CDFC makes investments in real estate projects or businesses owned or sponsored by CDCs. To apply for financing, a CDC must serve a community where the median family income is equal to or less than 85% of Boston's 1980 median income.

CDCs are often the link which brings together government, banking and business to support affordable housing development, financing for local firms, organization of cooperatives and other projects. During the



severe affordable housing shortage of the 1980s, Massachusetts CDCs, with support from state housing finance programs, developed a national reputation for creating thousands of units of housing.

Development Finance and Technical Assistance

CDFC is a key source of development finance for CDC projects. The agency also provides financial compensation for a CDC's participation. This can include a fee



Massachusetts Association of CDCs
(Photo)

Members attend their monthly meeting at the CDFC office. Shown (left to right): Joann Foster, Co-Director, Oak Hill CDC; Alyce Lee, Executive Director, Codman Square CDC; Chris Hunsinger, Executive Director, North Adams CDC; and Richard Thal, Chairman, Massachusetts Association of CDCs and Assistant Director, Inquilinos Boricuas en Accion.

for originating an investment, or receiving a portion of the interest CDFC receives on a business loan. It may also include a percentage of company stock purchased by CDFC or the capital gain upon the sale of the stock. The goal is to support business growth and help make economic development for CDCs self-supporting.

CDFC targets investment to enhance local community development strategies. For example, seven western Massachusetts CDCs

identified the need for capital for very small businesses, "microenterprises," in rural areas and initiated the Western Enterprise Fund. CDFC will provide some of the financial support for this program.

CDFC provides other technical and financial support. The agency allocates \$15,000 a year in aid to the Massachusetts Association of CDCs. CDFC also helps individual CDCs to assemble project financing from other public and private sources.

Recently, CDFC sponsored a conference on economic development for CDCs focusing on CDFC financing for small business; 25 CDCs participated. This year, CDFC began a loan program to bridge EOCD's operating grants to CDCs. These short term loans provide faster access to working capital and have helped CDCs to manage operating expenses in difficult fiscal times.

CDCs are an integral part of CDFC's investment programs, organizational structure and working network. This partnership has helped strengthen the economic foundation of low income neighborhoods throughout Massachusetts.

Investment Portfolio

CDFC Investment Portfolio and Loan Commitments

Project CDFC Investment

Administrative Resources <i>Jamaica Plain / Boston</i>	\$ 6,000
Atlantic Clothing <i>Chelsea</i>	25,000
Automated Assemblies Corp. <i>Clinton</i>	509,785
Barmack, Inc. <i>Haverhill</i>	250,000
483-487 Blue Hill Avenue <i>Roxbury / Boston</i>	196,000
Bohio Development Corporation, <i>Roxbury / Boston</i>	78,397
Boston Bank of Commerce <i>Boston</i>	800,088*
Boston Community Offices <i>Boston</i>	250,000
ChemDesign Corporation <i>Fitchburg</i>	250,000
Cinamon Hair Salon <i>Cambridge</i>	10,000
Connolly Data <i>Lowell</i>	350,000
Downtown Desserts <i>Holyoke</i>	10,000
DRG Scientific <i>East Boston</i>	12,500
Dwight Street Manor <i>Springfield</i>	157,000
Embassy Microtechnology <i>Lawrence</i>	150,000
Family Foodland <i>Roxbury / Boston</i>	400,000
Fat City Cycles <i>Somerville</i>	80,000
Fensgate Cooperative <i>Boston</i>	328,000
Freedom Electronics <i>Roxbury / Boston</i>	200,000
Dr. Garland <i>Roxbury / Boston</i>	25,000

Gilmore/Vines Building <i>Boston</i>	426,000
GVS Industries <i>Lowell</i>	25,000
Hardman Park <i>North Adams</i>	750,000
Hazel Parks <i>Dorchester / Boston</i>	150,000
Heritage Common Neighborhood Partnership <i>Lawrence</i>	350,000
Jorge Hernandez Cultural Center, <i>South End / Boston</i>	120,000
Huntington Homes Corporation, <i>Orange</i>	350,000
Indian Motorcycle Building <i>Springfield</i>	190,000
Infill Collaborative, Inc. <i>Boston</i>	200,000
Kilmarnock Street Apartments <i>Boston</i>	582,500
Lithgow Building <i>Dorchester / Boston</i>	250,000
Lyman School II <i>East Boston</i>	42,000
1020 Main Street <i>Worcester</i>	55,000
Marianne Moore Materials (3M), <i>Allston / Boston</i>	15,000
Massachusetts Square <i>South End / Boston</i>	350,000
Municipal Building <i>Dorchester / Boston</i>	275,100
New Boston Road <i>Royalston</i>	39,000
New Hope Housing <i>Holyoke</i>	197,000
North End Housing Cooperative, <i>Springfield</i>	110,000
Oak Hill Estates <i>Worcester</i>	115,000
Oomphies, Inc. <i>Lawrence</i>	150,000
Pierce Building <i>Dorchester / Boston</i>	98,450
The Pines <i>Montague</i>	74,000
Plaza Betances II <i>South End / Boston</i>	85,000
Portuguese American Publications, <i>Fall River</i>	90,000

PracTek Associates, Inc. <i>Chicopee</i>	400,000
Precision Moulding <i>Brockton</i>	20,000
Prince Street Apartments <i>Salem</i>	16,000
Rollstone House <i>Fitchburg</i>	175,000
Sabbeth York <i>Haverhill</i>	30,000
Salem and Lynn Streets Housing, <i>Fitchburg</i>	50,667
Salmon Falls Artisans Workshop, <i>Shelburne Falls</i>	12,500
Satyrical Woodworks <i>Greenfield</i>	7,500
Share Systems <i>Cambridge</i>	25,000
Ron Sherman Haulers <i>North Adams</i>	20,000
Slattery's <i>Fitchburg</i>	75,000
Spectrum Airlines <i>Dukes County</i>	25,000
Time Out Sports <i>North Adams</i>	25,000
Tomsun Foods International, Inc., <i>Greenfield</i>	200,000
640 Tremont Street <i>South End / Boston</i>	206,826
Urban Edge Housing Corporation <i>Jamaica Plain / Boston</i>	260,000
Virginia Bird Residences <i>Dorchester / Boston</i>	74,500
Webster Engineering <i>Dorchester / Boston</i>	200,000

Total: \$10,999,813

***Current CDFC-Sponsored
Loans Funded by the
Thrift Institutions Fund
for Economic Development
(Thrift Fund)***

Project	Investment
Concord Place <i>Framingham</i>	\$ 700,000
Engineering Sales & Assoc. <i>Springfield</i>	225,000
LightLife Foods <i>Greenfield</i>	260,000
128 Park Street <i>Boston</i>	250,526
300 Shawmut Avenue <i>Boston</i>	270,000
Tomkins Corporation <i>Whitinsville</i>	250,000
Transportation Management, Inc., <i>Orange</i>	450,000
Vispy Enterprises <i>Framingham</i>	257,789
Whittenton Garment <i>Fall River</i>	250,000
Total:	\$2,913,315

Thrift Fund Loans as of June 30, 1990

***CDFC Loan Participations
Acquired by the National
Cooperative Bank of
Washington, D.C. (NCB)***

Existing Portfolio Loans¹	Investment
Automated Assemblies Corporation, <i>Clinton</i>	\$ 78,352.87
Connolly Data <i>Lowell</i>	126,643.63
Fensgate <i>Boston</i>	127,001.92
Huntington Homes <i>Orange</i>	57,757.45
Huntington Homes <i>Orange</i>	33,486.18
PracTek <i>Chicopee</i>	76,757.95
New Originations²	Investment
Barmack, Incorporated <i>Haverhill</i>	150,000.00
Oomphies, Inc. <i>Lawrence</i>	150,000.00
Total:	\$800,000.00

¹This group represents loan participations acquired by NCB on existing CDFC loans.

²This group represents CDFC/NCB co-investment in new loans.

*National Cooperative Bank Investments
as of June 30, 1990*

* Stock dividends increased this amount to
\$1,107,678.00

*Investment Portfolio and Loan Commitments
as of June 30, 1990*

Financial Statements

Balance Sheet:

June 30, 1990

June 30, 1989

Assets:

Cash and cash equivalents	\$ 3,411,954	\$ 3,688,711
Cash-restricted	32,809	14,970
Cash in escrow	xx	89,243
Marketable securities and short-term investments	1,239,421	1,280,560
Accounts receivable	14,175	7,933
Notes receivable	20,779	27,344
Prepaid expenses	19,221	53,366
Investment in portfolio securities:		
Notes and debentures, (net of allowance for unrealized losses of \$853,896)	5,397,067	5,599,204
Capital stock (net of allowance for unrealized losses of \$225,000)	1,587,538	1,626,347
Total investment in portfolio securities	6,984,605	7,225,551
<i>Total Non-Property and Equipment</i>	11,722,964	12,387,678
Property and Equipment:		
Furniture, fixtures and equipment	82,012	78,864
Equipment under capital lease	14,242	14,242
Leasehold improvements	3,487	472
Total	99,741	93,578
Less – Accumulated depreciation and amortization	41,663	68,659
<i>Net Property and Equipment</i>	58,078	24,919
Other Assets	xx	300
<i>Total Assets</i>	\$11,781,042	\$12,412,897

Liabilities and Stockholders' Equity:

Current Liabilities:

Due to NCB and EDSA	\$ 32,809	\$ 14,970
Accounts payable	70,176	16,256
Accrued payroll	xx	1,647
Obligation under capital lease	xx	3,254
<i>Total Liabilities</i>	102,985	36,127
<i>Total Stockholders' Equity</i>	11,678,057	12,376,770
<i>Total Liabilities and Stockholders' Equity</i>	\$11,781,042	\$12,412,897

Complete financial statements available upon written request.

Income Statement:

June 30, 1990 June 30, 1989

Investment Income:

Interest on marketable securities and short-term investments	\$ 346,549	\$ 247,056
Interest on portfolio investments	473,453	611,556
Thrift fund income	23,325	29,035
Bonding income	55,245	32,021
EDSA servicing fee income	2,620	xx
Recovery of prior losses	1,100	225,391
NCB income	1,644	4,731
<i>Total Income</i>	<u>903,936</u>	<u>1,149,790</u>

Expenses:

Salaries and related expenses	396,857	343,434
Consulting and other professional fees	245,091	143,338
Occupancy expense	64,355	83,527
General and administrative expenses	226,667	160,014
<i>Total Expenses</i>	<u>932,970</u>	<u>730,313</u>
<i>Net Investment Income</i>	(29,034)	419,477

Realized and Unrealized Loss on Investments:

Realized (loss) on liquidated investments	(100,000)	(478,350)
Net unrealized (loss) on investments	<u>(639,233)</u>	<u>(161,747)</u>
<i>Net (Loss) from Operations and Investments</i>	(768,267)	(220,620)

Dividend income	20,063	325,564
Gain on sales of securities	49,091	272,359
Gain on sale of equipment	400	xx
<i>Net Income (Loss)</i>	(698,713)	377,303

(Deficit), at beginning	<u>(123,230)</u>	<u>(500,533)</u>
(Deficit), at end	<u>\$ (821,943)</u>	<u>\$ (123,230)</u>

Complete financial statements available upon written request.



CDFC Board of Directors

From left:
 John Hanson,
 John E. Marston,
 David Knowles,
 Alexandra M. Dailey,
 José Perez
 Michael F. Glavin,
 George Woods and
 Milton J. Benjamin, Jr.
 (President).
Not shown:
 James Malone.

CDFC Board of Directors

John E. Marston
Chairman

*Executive Vice President,
 Boston Trade Bank*

Alexandra M. Dailey
*Independent Managers, Inc.
 Codman Square CDC, Boston*

Michael F. Glavin
*Senior Consultant
 Government and Community Affairs
 Bank of Boston*

Gerald Joseph
*Executive Director, Franklin County CDC
 (Appointed December, 1990)*

David Knowles
Executive Director, Dorchester Bay EDC

Leasa Davis Sequera
*Executive Director, CDC of Fitchburg
 (Through July, 1990)*

George Woods
*International Association of Machinists
 and Aerospace Workers*

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 Represented by James Malone
 Deputy Assistant Secretary*

Alden S. Raine
*Secretary of Economic Affairs
 Represented by José Perez
 Assistant Secretary for Minority Business
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Legal Counsel

Gorsey & Woll
Accountants

**Massachusetts
Community Development
Corporations
as of December, 1990**

Massachusetts Association of CDCs
Boston

Allston-Brighton CDC
Allston / Boston

Arlington CDC
Lawrence

Arlington Square CDC
Back Bay / Boston

Asian CDC
Clinatown / Boston

Back of the Hill CDC
Jamaica Plain / Boston

Brightwood DC
Springfield

CDC of Boston
Roxbury / Boston

CDC of Dukes County
Edgartown

CDC of Fitchburg
Fitchburg

Charlestown EDC
Charlestown

Chelsea Corporation for Economic
Progress, *Chelsea*

Chicopee DC
Chicopee

Chinese EDC
Boston

Clinton CDC
Clinton

Coalition For a Better Acre
Lowell

Codman Square HDC
Dorchester / Boston

Community Corporation of
South Berkshire, *Great Barrington*

Dorchester Bay EDC
Dorchester / Boston

East Boston CDC
East Boston / Boston

Fenway CDC
Fenway / Boston

Fields Corner CDC
Dorchester / Boston

Franklin County CDC
Greenfield

Greater Haverhill CDC
Haverhill

Greater Roxbury DC
Roxbury / Boston

Green Island CDC
Worcester

Heritage Common CD
Lawrence

Hilltown CDC
Chesterfield

Hyde Park CDC
Hyde Park / Boston

Inquilinos Boricuas en Accion (IBA)
South End / Boston

Jamaica Plain NDC
Jamaica Plain / Boston

Just A Start Corporation
Cambridge

Lee CDC
Pittsfield

Lena Park CDC
Dorchester

Lynn Affordable Housing
Lynn

Madison Park DC
Roxbury / Boston

Main South CDC
Worcester

Mason Square CD
Springfield

Ronald McNair CDC
Brockton

Medford Community Housing
Medford

Millers River Self-Help Network
Athol

NDC of Grove Hall
Roxbury / Boston

Neighborhood of Affordable Housing
East Boston / Boston

Newton Highlands CDC
Newton

Newton Upper Falls CDC
Newton

North Adams CDC
North Adams

North End / Waterfront CDC
North End / Boston

Nuestra Comunidad DC
Roxbury / Boston

Nueva Esperanza
Holyoke

Oak Hill CDC
Worcester

Quincy Geneva CDC
Dorchester / Boston

Riverside-Cambridgeport CC (RCCC)
Cambridge

Riverside DC
Holyoke

Roxbury Action Program
Roxbury / Boston

Roxbury-North Dorchester NRC
Roxbury / Boston

Salem Harbor CDC
Salem

Somerville Corporation CDC
Somerville

South Boston Community Housing
South Boston / Boston

Tent City CDC
South End / Boston

Tri-Hill CDC
Worcester

United South End / Lower Roxbury DC
South End / Boston

Upper State Street CDC
Springfield

Urban Edge
Jamaica Plain / Boston

Valley CDC
Northampton

Waltham Action for Affordable Housing
Waltham

Wilmington CDC
Wilmington

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